

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 38 – SB 986

February 19, 2013

SUMMARY OF BILL: Requires the Commissioner of the Department of Revenue (DOR), by October 2013, to provide and maintain a database of the net amount of all state taxes collected from each five-digit zip code within Tennessee for the previous fiscal year and the amount of revenue from such collected taxes distributed to each zip code. Authorizes the Commissioner to request assistance from other state departments and agencies and requires such entities to furnish the desired information upon request. Requires the Commissioner, by February 1, 2014, and by February 1 of each year thereafter, to provide an annual report of the database to the Finance, Ways and Means Committees of the Senate and House of Representatives and the Fiscal Review Committee. Requires the database to be posted on the Department's website and the notice of the posting to be provided to the Finance, Ways and Means Committees of the Senate and House of Representatives and the Fiscal Review Committee no later than seven days prior to the posting.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$241,300/One-Time
\$600/Recurring**


Assumptions:

- DOR does not currently capture data on collections and distributions of tax revenue by zip code.
- It is estimated that 1,930 hours of programming and 1,930 hours of testing will be required to implement the changes to DOR's Integrated Tax System required by this bill. In addition, 480 hours will be required to develop and test the application for storing and reporting the data. The total number of hours needed for programming, implementation, development, and testing is estimated to be 4,340 (1,930 + 1,930 + 480).
- The cost per programming hour is \$35. The total one-time increase in state expenditures associated with the programming, implementation of changes to the tax system, and development and testing of the application is estimated to be \$151,900 (\$35 x 4,340).
- A one-time increase in state expenditures, for the Office of Information Resources (OIR) to provide server data storage capacity, is estimated to be \$27,000; the recurring increase in state expenditures for database maintenance by OIR is estimated to be \$600.

- DOR will require additional staff resources equivalent to one additional Info Resource Support Specialist 5 position for a one-year period for maintaining and operating the new programs during the initial phase of implementation. As a result, the one-time increase in state expenditures estimated to be \$62,363 (\$45,000 salary + \$12,763 benefits + \$4,600 other).
- It is estimated that maintenance of the new programs in FY14-15 and subsequent years can be accomplished within existing DOR resources.
- Posting the database on DOR's website and providing the required report to the selected committees will not result in a significant fiscal impact to the state.
- The total one-time increase in state expenditures is estimated to be \$241,263 (\$151,900 + \$27,000 + 62,363).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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